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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:)
) Chapter 11
)
SEARS HOLDINGS CORPORATION, <i>et al.</i>,) Case No. 18-23538 (RDD)
)
Debtors.) (Jointly Administered)
)

**DECLARATION OF VINCENT ALBANITO IN SUPPORT MOTION OF CERTAIN
UTILITY COMPANIES TO DETERMINE ADEQUATE ASSURANCE OF PAYMENT
PURSUANT TO SECTION 366(c) OF THE BANKRUPTCY CODE [Docket No. 1395]**

I, Vincent Albanito, declare as follows:

1. I am the Senior Customer Operations Supervisor Backoffice Collections for Public Service Electric and Gas Company ("PSE&G") and have been in that position for five years and

with PSE&G for eleven years. In my current position with PSE&G, I assist in the credit and bankruptcy operations of PSE&G.

2. Except as otherwise stated, all facts contained within this Declaration are based upon personal knowledge, my review of PSE&G's business documents, correspondence and relevant documents, or my opinion based upon my experience concerning the operations of PSE&G. If called upon to testify, I would testify to the facts set forth in this Declaration.

3. On behalf of PSE&G, I submit this Declaration in support of the *Motion of Certain Utility Companies To Determine Adequate Assurance of Future Payment Motion* (the "Motion") [Docket No. 1395]

4. In making this Declaration, I am familiar with the contents of the Motion (Docket No. 1395), *Motion of Debtors Requesting Entry of an Order (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment To Utility Providers, (II) Establishing Procedures For Determining Adequate Assurance of Payment For Future Utility Services, and (III) Prohibiting Utility Providers From Altering, Refusing, or Discontinuing Utility Service* (the "Utility Motion")(Docket No. 196) (the "Utility Order") and the *Order (I) Approving Debtors' Proposed Form of Adequate Assurance of Payment To Utility Providers, (II) Establishing Procedures For Determining Adequate Assurance of Payment For Future Utility Services, and (III) Prohibiting Utility Providers From Altering, Refusing, or Discontinuing Utility Service* [Docket No. 461] (the "Utility Order").

5. It is part of my job responsibility with PSE&G to: (A) review customer accounts with PSE&G; (B) address credit issues with PSE&G's customers; and (C) address issues concerning customers that file for bankruptcy protection, including requests for adequate assurance

of payment.

6. PSE&G's relationship with the Debtors is governed by tariffs (the "PSE&G Tariffs") that are on file with the New Jersey Public Utility Commission and can be obtained at:

Electric: <https://nj.pseg.com/aboutpseg/regulatorypage/electrictariffs>

Gas: <https://nj.pseg.com/aboutpseg/regulatorypage/gastariffs>

7. The PSE&G Tariffs establish: (a) the amount of security that PSE&G is entitled to seek from its approximate 2.2 million electric customers and 1.8 million natural gas customers under applicable state law; (b) that PSE&G must bill the Debtors monthly; and (c) the billing and payment terms for all of PSE&G's customers. Specifically, under the billing cycle established by the PSE&G Tariffs, PSE&G issues bills to its customers on a monthly basis. Accordingly, the Debtors, like PSE&G's other customers, receive approximately one month of utility service before PSE&G issues a bill for such service. Once a bill is issued, the Debtors have fifteen (15) days to pay the applicable bill. Late fees may be imposed if a bill is not paid within twenty-five (25) days' of issuance. If a customer fails to timely pay the bill, PSE&G would have to provide at least 10 days' written notice informing the customer that it has to cure the default or their service may be disconnected. Accordingly, under PSE&G's billing cycle, the Debtors could receive two months of unpaid service before their service could be terminated for a post-petition payment default.

8. As of the Petition Date, the Debtors owed PSE&G \$219,818.36 for billed and unbilled charges.

9. PSE&G provided the Debtors with utility goods and services prior to the Petition Date and continues to provide post-petition utility goods and services to the Debtors at the Debtors' accounts that are listed on the chart attached to this Declaration as **Exhibit "A."**

10. Pursuant to the PSE&G Tariffs, PSE&G is entitled to seek adequate assurance of payment from the Debtors in the form of a two-month cash deposit in the amount of \$245,588, which is the amount PSE&G is seeking from the Debtors in these cases for the 46 post-petition accounts that the Debtors have with PSE&G.

11. PSE&G is seeking a two-month deposit in this case because of the exposure created by its billing cycle.

12. For its non-bankrupt customers, PSE&G accepts security in the form of cash deposits, letters of credit or surety bonds, which are forms of security maintained by PSE&G.

13. Although PSE&G does not want its post-petition security to be in the form of money maintained in the Adequate Assurance Account, if the Court were to hold that the security provided to PSE&G is to be in that form, PSE&G would ask that the Utility Order be amended to include the following additional provisions to ensure that the money held in the Adequate Assurance Account is sufficient in amount and would be available for payment of unpaid post-petition bills:

A. The amount for PSE&G shall be \$245,588, which is two times the average monthly bills for the 46 active accounts that the Debtors still have with PSE&G.

B. The portion of the Adequate Assurance Deposit attributable to each Utility Provider shall be returned to the Debtors after the Debtors' payment in full of all post-petition obligations due and owing to the applicable Utility Provider, which the Debtors shall confirm in writing with the applicable Utility Provider.

C. The Debtors agree to pay all post-petition charges of the Utility Providers by the applicable due date of the invoice, which is a due date established in accordance with

applicable state laws, regulations and/or tariffs.

D. If the Debtors fail to pay a utility bill when due (including the passage of any cure period), the relevant Utility Provider shall provide notice of such default to the Debtors, and if within five (5) business days of such notice, the bill is not paid, the Utility Provider may file an application with the Court certifying that payment has not been made and requesting the amount due up to an aggregate maximum equal to the Adequate Assurance Deposit allocable to such Utility Provider.

E. Notwithstanding anything in the Motion, the Order or (i) the orders approving the Debtors' use of cash collateral and/or post-petition debtor-in-possession financing facilities (collectively, the "**DIP Orders**"); (ii) the other documentation governing the Debtors' use of cash collateral and post-petition financing facilities; and (iii) the Approved Budget (as defined in the DIP Orders) to the contrary, there shall be no liens on the amounts in the Adequate Assurance Account for the Utility Providers that are higher in priority to the Utility Providers' rights and interests in the amounts contained and allocated in the Adequate Assurance Account for the Utility Providers. Moreover, the amounts contained in the Adequate Assurance Account shall remain available to the Utility Providers for the payment of post-petition charges even if the Debtors cases are converted to cases under Chapter 7 of the Bankruptcy Code.

I declare under penalty of perjury pursuant to 28 U.S.C. § 1746 that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed this 8th day of February 2019, at Newark, New Jersey.



VINCENT ALBANITO

EXHIBIT A

Sears Holding Corporation

Case# 18-23538

Filed in Southern NY

Filed 10/15/18

Filed Chapter 11

Tax id# 20-1920798

EXHIBIT A

Pre-Petition Acct	Name	Address	Balance	2 Month Deposit
*****3501	Kmart Corp	1018 Easton Ave Franklin Twp	\$ 4,246.26	\$ 6,610.00
*****7500	Kmart Corp	1061 White Horse Ave Hamilton Twp	\$ 10,899.12	\$ 6,250.00
*****8205	Kmart Corp	1550 St Georges Ave Woodbridge	\$ 10,910.61	\$ 4,292.00
*****3906	Kmart Corp	170 Broadway Elmwood Park Boro	\$ 6,959.45	\$ 27,696.00
*****2102	Kmart Corp	700 Broadway Westwood Boro	\$ 5,854.16	\$ 5,924.00
*****9102	Kmart Corp	20 Joralemon St Belleville	\$ 6,951.78	\$ 5,122.00
*****0403	Kmart Corp	321 Stadium Plz Jersey City	\$ 5,663.40	\$ 4,284.00
*****4303	Kmart Corp	Eagle Rock Ave West Orange	\$ 15,936.65	\$ 15,754.00
*****3200	Kmart Corp	Lenola Rd & Route 38 Moorestown	\$ 4,022.87	\$ 5,590.00
*****7508	Kmart Corp	1060 Hamburg Tpke Wayne Twp	\$ 18,712.62	\$ 21,358.00
*****0308	Kmart Corp	Eagle Rock Ave West Orange	\$ 713.49	\$ 806.00
*****7902	Kmart Corp	Prospect Ave West Orange Twp	\$ 185.11	\$ 198.00
*****0406	k-Mart #3438	1600 St George Ave Woodbridge	\$ 374.50	\$ 154.00
*****2018	K-Mart #9413	Eagle Rock Ave & Prospect Ave	\$ 1,083.22	\$ 1,028.00
*****9005	Big Kmart #3990	81-83 Ackerman Ave Clifton	\$ 140.87	\$ 1,598.00
			\$ 92,654.11	\$ 106,664.00

EXHIBIT A

PrePetition SAP#	ACCOUNT NAME	ADDRESS	BALANCE	Post Petition Deposits
*****6800	Sears Auto Center	1225 US Highway 9 Old Bridge	\$ 330.24	finaled 11/8/17
*****9405	Sears Roebuck & Co	430 Main St FL1 Hackensack	\$ 5,744.90	\$ 7,962.00
*****5201	Sears Roebuck & Co	Almonesson Ave & Clem Bridge Deptford	\$ 21,194.20	\$ 8,148.00
*****6207	Sears Roebuck & Co	585 From Rd Paramus	\$ -	\$ 24,956.00
*****6208	Sears Roebuck & Co	151 Maywood Ave Maywood	\$ -	finaled 11/30/16
*****5900	Sears Roebuck & Co	Woodbridge Center Dr Woodbridge	\$ 32,738.38	\$ 10,680.00
*****7204	Sears Roebuck & Co	51 Route 1 New Brunswick	\$ -	\$ 20,112.00
*****4809	Sears Roebuck & Co	1817 Mount Holly Rd Burlington	\$ (3,424.30)	finaled 9/30/18
*****5706	Sears Roebuck & Co	Willowbrook Mall Wayne	\$ 23,053.46	\$ 10,750.00
*****0004	Sears Roebuck & Co	50 Mall Dr W Jersey City	\$ 16,102.22	\$ 10,682.00
*****5602	Sears Roebuck & Co	Terrill Rd Watchung	\$ -	finaled 10/1/17
*****3407	Sears Roebuck & Co	Brunswick Pike Lawrence Twp	\$ (1,541.09)	\$ 10,386.00
*****3501	Sears Roebuck & Co	400 W Route 38 Moorestown	\$ 11,894.21	\$ 9,402.00
*****3003	Sears Roebuck & Co	1701 Route 22 Watchung	\$ 4,857.74	\$ 2,878.00
*****6704	Sears Roebuck & Co	2232 Marlton Pike W Retail 1 Cherry Hill	\$ 5,390.95	\$ 2,524.00
*****8609	Sears Roebuck & Co	237 Route 73 S Ste A Evesham	\$ -	\$ 96.00
*****0703	Sears Roebuck & Co	River St Hackensack	\$ (36.60)	\$ 24.00
*****4802	Sears Roebuck & Co	237 Route 73 S Evesham	\$ -	\$ 72.00
*****2605	Sears Roebuck & Co	50 Mall Dr W Jersey City	\$ 124.09	\$ 1,960.00
*****9500	Sears Retail Outler	Burnt Mill Rd & Somerdale Voorhees Twp	\$ 2,432.73	\$ 1,724.00
*****5604	Sears Roebuck	430 Main St Ltg Ltg	\$ 126.48	\$ 126.00
*****9507	Sears Roebuck & Co	50 US Highway 46 Wayne	\$ (599.61)	\$ 696.00
*****9808	Sears Auto Center	585 From Rd Ste 6604 Paramus	\$ -	\$ 3,090.00
*****3104	Sears Retail Outler	Burnt Mill Rd LTG LTG Voorhees Twp	\$ 188.94	\$ 382.00
*****7302	Sears Hardware	Prospect Ave West Orange Twp	\$ 3,429.58	\$ 5,016.00
*****0900	Sears Roebuck & Co	516 Main St Hackensack	\$ 1,918.54	\$ 1,004.00
*****1003	Sears Roebuck & Co	516 Main St Hackensack	\$ -	\$ 1,958.00
*****7108	Sears 1494 Q	400 W Route 38 Tire	\$ 840.84	\$ 1,904.00
*****9800	Sears	400 W Route 38 Mall	\$ 944.69	\$ 900.00
*****7003	Sears Roebuck & Co	41 Twosome Dr Ste 1 Moorestown	\$ 443.46	\$ 316.00
*****2308	Sears Roebuck & Co	41 Twosome Dr 2 &3 Moorestown	\$ 1,010.20	\$ 1,176.00
			\$ 127,164.25	\$ 138,924.00